

If we do this, within the framework I have outlined, we can not only invest in our future; we can pay down America's debt over the next 15 years and make our country debt-free for the first time since Andrew Jackson was here and planted that big magnolia tree in 1835.

So I say again, let's do first things first: pay down the debt; save Social Security; save and modernize Medicare; invest in education.

In the days ahead, I will ask the Republican majority to work with me to fulfill these fundamental obligations we have to our children and to our future. If we can work together to meet these objectives, we can also work together to pass tax relief we can afford, affordable, middle-class tax relief that reflects the priorities of both parties and the values of the American people. That would be a good bill I would happily sign.

Every generation of Americans is called upon to meet the challenges of its time. But few have the unprecedented opportunity we have to meet the challenges not only of our time but the great challenges of our future. We must seize that opportunity.

Thank you very much.

NOTE: The President spoke at 11:10 a.m. in the Rose Garden at the White House.

Message to the House of Representatives Returning Without Approval the "Taxpayer Refund and Relief Act of 1999"

September 23, 1999

To the House of Representatives:

I am returning herewith without my approval H.R. 2488, the "Taxpayer Refund and Relief Act of 1999," because it ignores the principles that have led us to the sound economy we enjoy today and emphasizes tax reduction for those who need it the least.

We have a strong economy because my Administration and the Congress have followed the proper economic course over the past 6 years. We have focused on reducing deficits, paying down debt held by the public, bringing down interest rates, investing in our people, and opening markets. There is \$1.7 trillion less debt held by the public today

than was forecast in 1993. This has contributed to lower interest rates, record business investment, greater productivity growth, low inflation, low unemployment, and broad-based growth in real wages—and the first back-to-back budget surpluses in almost half a century.

This legislation would reverse the fiscal discipline that has helped make the American economy the strongest it has been in generations. By using projected surpluses to provide a risky tax cut, H.R. 2488 could lead to higher interest rates, thereby undercutting any benefits for most Americans by increasing home mortgage payments, car loan payments, and credit card rates. We must put first things first, pay down publicly held debt, and address the long-term solvency of Medicare and Social Security. My Mid-Session Review of the Budget presented a framework in which we could accomplish all of these things and also provide an affordable tax cut.

The magnitude of the tax cuts in H.R. 2488 and the associated debt service costs would be virtually as great as all of the on-budget surpluses the Congressional Budget Office projects for the next 10 years. This would leave virtually none of the projected on-budget surplus available for addressing the long-term solvency of Medicare, which is currently projected by its Trustees to be insolvent by 2015, or of Social Security, which then will be a negative cash-flow position, or for critical funding for priorities like national security, education, health care, law enforcement, science and technology, the environment, and veterans' programs.

The bill would cause the Nation to forgo the unique opportunity to eliminate completely the burden of the debt held by the public by 2015 as proposed by my Administration's Mid-Session Review. The elimination of this debt would have a beneficial effect on interest rates, investment, and the growth of the economy. Moreover, paying down debt is tantamount to cutting taxes. Each one-percentage point decline in interest rates would mean a cut of \$200 billion to \$250 billion in mortgage costs borne by American consumers over the next 10 years. Also, if we do not erase the debt held by the public, our children and grandchildren

will have to pay higher taxes to offset the higher Federal interest costs on this debt.

Budget projections are inherently uncertain. For example, the Congressional Budget Office found that, over the last 11 years, estimates of annual deficits or surpluses 5 years into the future erred by an average of 13 percent of annual outlays—a rate that in 2004 would translate into an error of about \$250 billion. Projections of budget surpluses 10 years into the future are surely even more uncertain. The prudent course in the face of these uncertainties is to avoid making financial commitments—such as massive tax cuts—that will be very difficult to reverse.

The bill relies on an implausible legislative assumption that many of its major provisions expire after 9 years and all of the provisions are repealed after 10 years. This scenario would create uncertainty and confusion for taxpayers, and it is highly unlikely that it would ever be implemented. Moreover, this artifice causes estimated 10-year costs to be understated by about \$100 billion, at the same time that it sweeps under the rug the exploding costs beyond the budget window. If the tax cut were continued, its budgetary impact would grow even more severe, reaching about \$2.7 trillion between 2010 and 2019, just at the time when the baby boomers begin to retire, Medicare becomes insolvent, and Social Security comes under strain. If the bill were to become law, it would leave America permanently in debt. The bill as a whole would disproportionately benefit the wealthiest Americans by, for example, lowering capital gains rates, repealing the estate and gift tax, increasing maximum IRA and retirement plan contribution limits, and weakening pension anti-discrimination protections for moderate- and low-income workers.

The bill would not meet the Budget Act's existing pay-as-you-go requirements, which have helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. It would also automatically trigger across-the-board cuts (or sequesters) in a number of Federal programs. These cuts would result in a reduction of more than \$40 billion in the Medicare program over the next 5 years. Starting in 2002, they would

also lead to the elimination of numerous programs with broad support, including: crop insurance, without which most farmers and ranchers could not secure the financing from banks needed to operate their farms and ranches; veterans readjustment benefits, denying education and training to more than 450,000 veterans, reservists, and dependents; Federal support for programs such as child care for low-income families and Meals on Wheels for senior citizens; on many others.

As I have repeatedly stressed, I want to find common ground with the Congress on a fiscal plan that will best serve the American people. I have profound differences, however, with the extreme approach that the Republican majority has adopted. It would provide a tax cut for the wealthiest Americans and would hurt average Americans by denying them the benefits of debt reduction and depriving them of the certainty that my proposals for Medicare and Social Security solvency would provide as they plan for their retirement.

I hope to work with Members of Congress to find a common path to honor our commitment to senior citizens, help working families with targeted tax relief for moderate- and lower-income workers, provide a better life for our children, and improve the standard of living of all Americans.

William J. Clinton

The White House,
September 23, 1999.

Remarks at a Memorial Service for Lane Kirkland

September 23, 1999

Irena, members of the Kirkland family, Father O'Donovan, Monsignor Higgins, distinguished Members of Congress, visitors from other lands, and my fellow Americans:

I am profoundly honored to be here to pay tribute to a person I admired for many years before I ever thought I would have the chance to work with him as President, a man whom I was honored to present the Presidential Medal of Freedom, because he was in our time the very embodiment of the cause of freedom, a man who was both brilliant